

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1203 - SB 1161

March 10, 2011

SUMMARY OF BILL: Creates an excise tax exemption for any entity owned, in whole or in part, directly by a branch of the armed forces of the United States that derives more than 50 percent of its gross income from the operation of facilities located on property owned or leased by the federal government and operated primarily for the benefit of members of the armed forces of the United States.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – \$247,000

Assumptions:

- According to the Department of Revenue, entities conforming to the proposed exemption are estimated to have cumulative net earnings of \$3,800,000. The Fiscal Review Committee staff does not have access to the data and information upon which this calculation is based and cannot independently verify its accuracy.
- Pursuant to Tenn. Code Ann. § 67-4-2007(a), the excise tax is a 6.5 percent tax levied on net earnings.
- The recurring decrease in state revenue will be \$247,000 (\$3,800,000 x 6.5%).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White".

James W. White, Executive Director

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